

WORLD TRADE ORGANIZATION

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REPORT (1999) OF THE COMMITTEE ON TRADE AND DEVELOPMENT

Chairman: Mrs. Absa Claude Diallo (Senegal)

I. INTRODUCTION

1. This report covers the activities of the Committee on Trade and Development (CTD) and the Sub-Committee on Least-Developed Countries (SCLDC) for the period 25 November up to the date of issue. The last annual report of the Committee is contained in document WT/COMTD/W/52 of 25 November 1998.

2. The Committee held five sessions during the period, on 7 December 1998, 2 March 1999, 4 June 1999, 7 July 1999 and 18 October 1999. The Minutes of these meetings are contained in documents WT/COMTD/M/23, WT/COMTD/M/24, WT/COMTD/M/25, WT/COMTD/M/26 and WT/COMTD/M/27 (to be issued). The CTD also held several informal consultations. The 23rd Session was chaired, and the 24th Session opened, by Mr. Iftekhar Ahmed Chowdhury (Bangladesh). At the 24th Session, Mrs. Absa Claude Diallo (Senegal) was elected Chairperson of the CTD, and chaired that and the subsequent sessions.

3. The Sub-Committee held four formal meetings, on 25 November 1998, 1 March 1999, 12 July 1999 and 28 September 1999. The Minutes of these meetings are contained in documents WT/COMTD/LDC/M/14, WT/COMTD/LDC/M/15, WT/COMTD/LDC/M/16 and WT/COMTD/LDC/M/17 (to be issued). An informal session was held on 28 July 1999 to discuss issues related to the Integrated Framework. The SCLDC was chaired by Mr. HansHenrik Bruun (Denmark) until June 1999 and subsequently by Mr. Benedikt Jónsson (Iceland).

4. At its 24th and 25th Sessions, the CTD agreed to grant observer status to 11 intergovernmental organizations, on an *ad hoc*, meeting by meeting basis, pending a final decision of the General Council on observer status for intergovernmental organizations. The organizations in question are: the Arab Maghreb Union; the Economic Community of West African States; the Economic Cooperation Organization; the Inter-Arab Investment Guarantee Corporation; the Islamic Development Bank; the Organization of African Unity; the Organization of the Islamic Conference; the South Centre; the South Pacific Forum; the West African Economic and Monetary Union; and the World Intellectual Property Organization. A full list of intergovernmental organizations with observer status in the Committee is contained in document WT/COMTD/W/22/Rev.3. At its 27th Session the CTD noted a request for observer status from the League of Arab States with a view to making a decision at a subsequent meeting.

II. WORK OF THE COMMITTEE ON TRADE AND DEVELOPMENT

5. The principal themes addressed by the Committee since its previous report were as follows:

- (a) Trade and Development: High Level Symposium on Trade and Development;
- (b) Review of the application of special provisions in the Multilateral Trading Agreements and related Ministerial Decisions in favour of developing country Members, in particular least-developed countries;
- (c) Concerns and problems of small economies;
- (d) Development dimension of trade facilitation;
- (e) Development dimension of electronic commerce;
- (f) Technical assistance and training;
- (g) Possible input by the Committee into the 3rd WTO Ministerial Conference; and
- (h) Market access: preferential tariff treatment for least-developed countries.

(a) Trade and Development: High Level Symposium on Trade and Development

6. The need to clarify the positive relationship between trade and development was repeatedly emphasized by Members at formal and informal CTD meetings. Among issues raised were implementation of the WTO Agreements, in particular provisions relating to differential and more favourable treatment of developing countries, technical assistance, and the timing and sequencing of trade liberalization.

7. The General Council on 14 October 1998 accepted a proposal by Egypt for a High Level Meeting on Trade and Development. Following consultations, a High Level Symposium (HLS) on Trade and Development took place on 17 and 18 March 1999. The purpose of the HLS was to hold an informal, high-level dialogue on trade and development which would provide a forum for an exchange of views on trade and development issues, address the development dimension of international trade issues and trade-related concerns of developing countries, including LDCs, and highlight the role of the WTO in promoting developmental objectives set out in the Preamble to the Marrakesh Agreement. A Secretariat background document was prepared for the HLS,¹ and an informal compilation of the points raised was made available to WTO Members.

¹ High Level Symposium on Trade and Development, Geneva, 17-18 March 1999. Background document. (Job No.1232)

- (b) Review of the Application of Special Provisions in the Multilateral Trading Agreements and related Ministerial Decisions in Favour of Developing Country Members, in particular Least Developed Countries

8. The CTD continued its review, initiated in 1996, of the application of special provisions for differential and more favourable treatment of developing countries, in particular the least-developed countries. At its 22nd Session, the CTD requested the Secretariat to undertake a review of the implementation of "special and differential treatment" provisions by compiling information, in a formal Secretariat Note, on the difficulties, if any, that Members may have experienced in the implementation of these provisions. It was agreed that this review would be conducted on the basis of a questionnaire to be circulated by the Secretariat and completed by Members, and on the basis of information contained in documentation available in the Secretariat.

9. At the 25th Session, notwithstanding the low rate of returns by Members to the questionnaire circulated by the Secretariat, it was agreed, following a proposal by the Secretariat, that the Secretariat would circulate information that it had compiled, thus far, as an informal document. Responses received both from the informal Note and the questionnaire would be used in revising the Informal Note for final circulation as a working document.

10. At the 25th Session of the CTD, one Member proposed convening a Seminar to assess the impact of special and differential treatment provisions.

- (c) Concerns and Problems of Small Economies

11. During its 23rd, 24th and 26th Sessions, the CTD continued its discussion, begun at its 22nd Session, of the concerns and problems of small economies, on the basis of a paper circulated by six members (Barbados, Jamaica, Lesotho, Mauritius, Sri Lanka and Trinidad and Tobago).² Fiji, Mauritius and Guatemala circulated individual papers.³ Several Members made statements describing their national experiences as small economies.

12. Following a proposal from the Chair, representatives from the Commonwealth Secretariat and the World Bank made a joint presentation to the CTD, at its 26th Session in June 1999, of the draft recommendations and conclusions of the World Bank/Commonwealth Advisory Task Force on Small States, on which the WTO Secretariat is represented.

- (d) Development Dimension of Trade Facilitation

13. The CTD's work on trade facilitation was initiated by an invitation from the Chairman of the Council for Trade in Goods (CTG) who invited the Chairpersons of all relevant subsidiary bodies of the CTG, as well as the Chairpersons of the Council for Trade in Services, the Council for TRIPS and the CTD, to contribute to the CTG's work programme on trade facilitation by addressing aspects related to the work undertaken under their mandates. At its 23rd Session in December 1998, the CTD requested the Secretariat to produce a draft document for its contribution. A note entitled "Development Aspects of Trade Facilitation"⁴ aimed at meeting that request. The issue of trade facilitation was then discussed at a number of formal and informal meetings of the CTD. The Committee's contribution was forwarded to the Chairman of the Council on Trade in Goods by letter from the Chair in April 1999.

² WT/COMTD/W/50 and Corr.1

³ WT/COMTD/W/54-56

⁴ WT/COMTD/W/57 and Corr.1

(e) Development Dimension of Electronic Commerce

14. The CTD continued its discussion on electronic commerce, which had been initiated by a Working Paper submitted by Egypt.⁵ The discussions in the CTD were part of a comprehensive Work Programme on Electronic Commerce adopted by the General Council on 25 September 1998.⁶ Implementation of the Work Programme was assigned to four WTO bodies, namely, the Council for Trade in Services; the Council for Trade in Goods; the Council for TRIPS; and the CTD.

15. At the request of the CTD, the WTO Secretariat prepared a background note on Development Implications of Electronic Commerce.⁷ The issue of electronic commerce was discussed extensively at informal consultations on 23 November 1998, and at the 23rd Session of the CTD in December 1998. Members touched upon a large range of issues relating to electronic commerce and development including potential benefits from electronic commerce for developing countries and potential problems developing countries might face with respect to electronic commerce.

16. A one-day seminar on Electronic Commerce and Development was held on 19 February 1999⁸ to allow for informal exchanges of views on Electronic Commerce and Development. The discussions on developmental aspects of electronic commerce in the CTD continued at its 24th, 25th and 26th Sessions. In a communication from the Chairman of the CTD, dated 7 April 1999, and addressed to the Chairman of the General Council, the CTD transmitted its interim report on progress made in the implementation of the WTO Work Programme on Electronic Commerce.⁹ At its 26th Session, the CTD adopted its contribution¹⁰ in accordance with the mandate set out in the September 1998 Work Programme.

(f) Technical Assistance and Training

17. At the 25th Session, the Secretariat drew attention to serious budgetary difficulties relating to the delivery of WTO technical assistance. These difficulties stemmed from the expanded work programme of the WTO, in relation to developing and transition economies, including issues arising from implementation of the WTO Agreements. As much as 90 per cent of WTO technical assistance was expected to be covered through extra-budgetary resources. Uncertainty of funding presented enormous difficulties for efficient and predictable planning.

18. In response to the Secretariat presentation, Members requested the Chairperson of the CTD to write to the Chairperson of the Committee on Budget, Finance and Administration, informing the Budget Committee of the situation and requesting the Budget Committee to revisit the funding of WTO technical cooperation on an urgent basis. The Chairperson of the CTD and the Secretariat made a presentation to an informal joint meeting of the Budget Committee and CTD on September 1999. The issue was further discussed at the 27th Session of the CTD on the basis of a Note by the Secretariat concerning technical assistance activities and their financing.¹¹

19. There was a strong consensus amongst Members on the necessity for evaluation of technical assistance activities, on the basis of clear, identifiable criteria. At the 24th Session, the CTD reached an understanding that the Secretariat should proceed, on its own responsibility, with an evaluation of technical assistance, based on two questionnaires attached to a Secretariat Background Note on

⁵ WT/COMTD/W/38

⁶ WT/L/274

⁷ WT/COMTD/W/51

⁸ WT/COMTD/18

⁹ WT/GC/23

¹⁰ WT/COMTD/19

¹¹ Joint document WT/BFA/42 and WT/COMTD/20

"Evaluating WTO's Technical Cooperation".¹² An initial evaluation by the Secretariat, based on the responses to the two questionnaires, is to be communicated to the CTD in the spring of 2000.

(g) Possible Input by the Committee into the 3rd WTO Ministerial Conference

20. The possible input by the CTD into the Seattle Ministerial Conference was identified by the Chairperson, on her election, as deserving of priority attention by the Committee. Members held an initial exchange of views on this item at informal consultations on 5 May 1999. The issue was further considered by Members at the 25th and 26th Sessions of the CTD¹³.

21. At the 26th Session the Secretariat was invited to develop an ongoing Work Programme. A draft Work Programme was presented to the 27th Session of the CTD and is under consideration.

(h) Market Access: Preferential Tariff Treatment for Least-Developed Countries

22. At the High-Level Meeting on Integrated Initiatives for Least-Developed Countries' Trade Development, 27-28 October 1997, WTO Members, including developing country Members, had announced autonomous market access offers in favour of least-developed countries (LDCs). Following these announcements of autonomous market access offers, several developing country Members considered it necessary to establish a clear legal basis for preferential market access by developing countries in favour of least-developed countries. To this end, the Secretariat, on 23 July 1998, initiated informal consultations within the framework of the CTD for the purpose of examining options for an appropriate legal framework on the basis of which developing countries could grant preferential market access to LDCs. These consultations resulted in a waiver on "Preferential Tariff Treatment For Least-Developed Countries", which was agreed in the CTD at its 24th Session and adopted by the General Council on 15 June 1999.¹⁴

III. WORK OF THE SUB-COMMITTEE ON LEAST-DEVELOPED COUNTRIES (SCLDC)

23. The principal themes addressed by the Sub-Committee since its previous report were:

- (a) Follow-up to the 1997 High-Level Meeting on Integrated Initiatives for Least-Developed Countries' Trade Development;
- (b) Market access for products originating in least-developed countries; and
- (c) Difficulties faced by least-developed countries in implementing WTO Agreements.

¹² WT/COMTD/W/58

¹³ Job No. 3578 – "CTD: Possible Input to the Third Ministerial Conference" Informal Note by the Secretariat.

¹⁴ WT/L/304

(a) Follow-up to the 1997 High-Level Meeting on Integrated Initiatives for Least-Developed Countries' Trade Development

24. Work in the Sub-Committee on the follow-up to the 1997 High-Level Meeting focussed on monitoring the implementation of the Integrated Framework for trade-related technical assistance to LDCs. During the period under review, presentations were made before the Sub-Committee by representatives of UNCTAD, IMF and UNDP. With those presentations, the Sub-Committee achieved the goal of having invited all the other five core Agencies of the Integrated Framework and the Administrative Unit. In addition, the Sub-Committee invited representatives of the WTO Secretariat to provide regular up-dates on WTO's activities in this respect. These progress reports are noted in the Minutes of the Sub-Committee. Particular attention has been given to difficulties encountered in implementing the Integrated Framework in individual LDCs and ways to move forward have been sought. An informal session was arranged on 28 July 1999 at which participants supported the Integrated Framework and put forward numerous proposals for its strengthening and improvement. It should be noted that four "round-table" meetings under the Integrated Framework are to be held before December 1999. The Sub-Committee will meet again on 19 November 1999 to review progress in the meetings held.

(b) Market Access for Products Originating in Least-Developed Countries

25. To assist the Sub-Committee's discussions on market access for products originating in LDCs, the Secretariat prepared a background paper entitled "Market Access for Exports of Goods and Services of the Least-Developed Countries: Barriers and Constraints"¹⁵. The discussions in the Sub-Committee concentrated on the relationship between the supply-side constraints faced by the least-developed countries and their possibility of making use of market access opportunities. The discussions resulted in the Sub-Committee forwarding to the General Council, through the CTD, the document prepared by the Secretariat together with a list of points raised.¹⁶

26. The Sub-Committee also requested the Secretariat to compile existing information on market access barriers faced by the exports of the least-developed countries. At the 17th meeting of the SubCommittee in September 1999, the Secretariat distributed to the delegations concerned (the LDCs and the major markets for their products), with a request for verification by 1 November 1999, draft tables showing information on trade flows, tariffs and non-tariff measures applicable to imports into 23 main markets from individual LDCs. The Sub-Committee requested the Secretariat to produce a summary overview of the voluminous product by product data, for final publication.

(c) Difficulties Faced by Least-Developed Countries in Implementing WTO Agreements

27. With respect to difficulties faced by least-developed countries in implementing WTO Agreements, the Secretariat, upon request by the Sub-Committee, prepared a background document entitled "Implementation of WTO Agreements: Survey of the Difficulties Faced by Least-Developed Countries and the Current Response".¹⁷ The discussions of this item led the Sub-Committee to forward to the General Council, through the CTD, the document prepared by the Secretariat accompanied by a list of points raised during Sub-Committee discussions.

¹⁵ WT/COMTD/LDC/W/11/Rev.1

¹⁶ Job No. 6915

¹⁷ WT/COMTD/LDC/W/10.